FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2004-08-12** | Period of Report: **2004-06-30**
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CNL INCOME FUND IX LTD

CIK:**863779**| IRS No.: **593304138** | State of Incorp.:**FL** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-20017** | Film No.: **04967952**
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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT of 1934

For the quarterly period ended June 30, 2004

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT of 1934

For the transition period from ______________________ to _____________________

Commission file number
0-20017

CNL Income Fund IX, Ltd.

(Exact name of registrant as specified in its charter)

Florida	59-3004138
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
450 South Orange Avenue Orlando, Florida	32801
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number (including area code)	(407) 540-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No _________

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act): Yes___ No X _

CONTENTS

CNL INCOME FUND IX, LTD.
(A Florida Limited Partnership)
CONDENSED BALANCE SHEETS

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	June 30, 2004	December 31, 2003
ASSETS		
Real estate properties with operating leases, net	$ 13,459,597	$ 13,622,504
Net investment in direct financing leases	1,837,307	1,874,555
Real estate held for sale	--	999,822
Investment in joint ventures	6,545,707	6,616,969
Mortgage notes receivable	260,369	442,550
Cash and cash equivalents	2,536,882	1,503,707
Receivables	--	36,055
Accrued rental income	443,050	464,175
Other assets	31,758	29,784
	$ 25,114,670	25,590,121
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable and accrued expenses	$ 23,793	$ 10,527
Real estate taxes payable	13,312	8,231
Distributions payable	787,501	787,501
Due to related parties	24,331	12,465
Rents paid in advance and deposits	81,621	79,938
Total liabilities	930,558	898,662
Minority interest	405,557	408,348
Partners' capital	23,778,555	24,283,111
	$ 25,114,670	$ 25,590,121

</TABLE>

See accompanying notes to condensed financial statements.

CNL INCOME FUND IX, LTD.
(A Florida Limited Partnership)
CONDENSED STATEMENTS OF INCOME

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	Quarter Ended June 30, 2004	Quarter Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Revenues:				
Rental income from operating leases	$ 414,352	$ 416,905	$ 831,261	$ 833,814
Earned income from direct financing leases	51,472	53,504	103,475	107,478
Contingent rental income	--	--	1,507	22,953
Interest and other income	9,493	10,773	16,137	21,148
	475,317	481,182	952,380	985,393
Expenses:				
General operating and administrative	55,861	61,792	139,828	134,703
Property related	51,696	7,924	91,545	18,667
State and other taxes	300	4,781	40,924	61,477
Depreciation and amortization	81,895	81,453	163,790	162,906
	189,752	155,950	436,087	377,753
Income before minority interest and equity in earnings of unconsolidated joint ventures	285,565	325,232	516,293	607,640
Minority interest	(9,300)	(9,292)	(18,554)	(18,597)
Equity in earnings of unconsolidated joint ventures	162,347	160,310	306,636	310,120
Income from continuing operations	438,612	476,250	804,375	899,163
Discontinued operations:				
Income from discontinued operations	6,527	2,936	24,528	4,730
Gain on disposal of discontinued operations	229,449	--	241,543	288
	235,976	2,936	266,071	5,018
Net income	$ 674,588	$ 479,186	$ 1,070,446	$ 904,181
Income per limited partner unit:				
Continuing operations	$ 0.13	$ 0.14	$ 0.23	$ 0.26
Discontinued operations	0.06	--	0.08	--
	$ 0.19	$ 0.14	$ 0.31	$ 0.26
Weighted average number of limited partner units outstanding	3,500,000	3,500,000	3,500,000	3,500,000

</TABLE>

See accompanying notes to condensed financial statements.

CNL INCOME FUND IX, LTD.
(A Florida Limited Partnership)
CONDENSED STATEMENTS OF PARTNERS' CAPITAL

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	Six Months Ended June 30, 2004	Year Ended December 31, 2003
General partners:		

Beginning balance	$ 238,417	$ 238,417
Net income	--	--
	238,417	238,417
Limited partners:		
Beginning balance	24,044,694	25,332,203
Net income	1,070,446	1,862,495
Distributions ($0.45 and $0.90 per limited partner unit, respectively)	(1,575,002)	(3,150,004)
	23,540,138	24,044,694
Total partners' capital	$ 23,778,555	$ 24,283,111

</TABLE>

See accompanying notes to condensed financial statements.

CNL INCOME FUND IX, LTD.
(A Florida Limited Partnership)
CONDENSED STATEMENTS OF CASH FLOWS

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	Six Months Ended June 30, 2004	2003
Net cash provided by operating activities	$ 1,208,918	$ 1,258,217
Cash flows from investing activities:		
Proceeds from sale of assets	1,238,536	286,544
Collections on mortgage notes receivable	182,068	11,332
Net cash provided by investing activities	1,420,604	297,876
Cash flows from financing activities:		
Distributions to limited partners	(1,575,002)	(1,575,002)
Distributions to holder of minority interest	(21,345)	(21,344)
Net cash used in financing activities	(1,596,347)	(1,596,346)
Net increase (decrease) in cash and cash equivalents	1,033,175	(40,253)
Cash and cash equivalents at beginning of period	1,503,707	1,914,240
Cash and cash equivalents at end of period	$ 2,536,882	$ 1,873,987
Supplemental schedule of non-cash financing activities:		
Distributions declared and unpaid at end of period	$ 787,501	$ 787,501

</TABLE>

See accompanying notes to condensed financial statements.

CNL INCOME FUND IX, LTD.

1. Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and note disclosures required by generally accepted accounting principles. The financial statements reflect all adjustments, consisting of normal recurring adjustments, which are, in the opinion of the general partners, necessary for a fair statement of the results for the interim periods presented. Operating results for the quarter and six months ended June 30, 2004 may not be indicative of the results that may be expected for the year ending December 31, 2004. Amounts as of December 31, 2003, included in the financial statements, have been derived from audited financial statements as of that date.

These unaudited financial statements should be read in conjunction with the financial statements and notes thereto included in Form 10-K of CNL Income Fund IX, Ltd. (the "Partnership") for the year ended December 31, 2003.

The Partnership accounts for its 60% interest in Katy Joint Venture using the consolidation method. Minority interest represents the minority joint venture partner's proportionate share of the equity in the joint venture. All significant intercompany accounts and transactions have been eliminated.

In December 2003, the Financial Accounting Standards Board issued a revision to FASB Interpretation No. 46 (originally issued in January 2003) ("FIN 46R"), "Consolidation of Variable Interest Entities" requiring existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries. The primary beneficiary of a variable interest entity is the party that absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests, which are the ownership, contractual, or other pecuniary interests in an entity that change with changes in the fair value of the entity's net assets excluding variable interests. Prior to FIN 46R, a company generally included another entity in its financial statements only if it controlled the entity through voting interests. Application of FIN 46R is required in financial statements of public entities that have interests in variable interest entities for periods ending after March 15, 2004. The Partnership adopted FIN 46R during the quarter ended March 31, 2004, which resulted in the consolidation of a previously unconsolidated joint venture, which was accounted for under the equity method. FIN 46R does not require, but does permit restatement of previously issued financial statements. The Partnership has restated prior year's financial statements to maintain comparability between the periods presented. Such consolidation resulted in certain assets and minority interest, and revenues and expenses, of the entity being reported on a gross basis in the Partnership's financial statements; however, these restatements had no effect on partners' capital or net income.

2. Reclassification

Certain items in the prior year's financial statements have been reclassified to conform to 2004 presentation. These reclassifications had no effect on total partners' capital or net income.

3. Investment in Joint Ventures

During 2003, CNL Restaurant Investments II, in which the Partnership owns a 45.2% interest, entered into negotiations with a third party to sell the property in San Antonio, Texas. In 2004, the contract was terminated, and as a result, the joint venture reclassified the assets from real estate held for sale to real estate properties with operating leases.

3. Investment in Joint Ventures - Continued

CNL Restaurant Investments II and CNL Restaurant Investments III each own five properties and Ashland Joint Venture owns one property. The Partnership and affiliates, as tenants-in-common, own four properties. The following presents the combined, condensed financial information for the joint ventures and the properties held as tenants-in-common with affiliates at:

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	June 30, 2004	December 31, 2003
Real estate properties with operating leases, net	$ 13,003,853	$ 13,155,083
Net investment in direct financing leases	2,729,610	2,757,970
Cash	76,490	94,970
Accrued rental income	409,059	359,966
Other assets	4,838	43,407
Liabilities	20,520	59,316
Partners' capital	16,203,330	16,352,080

	Quarter Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Revenues	$ 478,668	$ 480,463	$ 957,174	$ 964,913
Expenses	(75,859)	(81,709)	(196,712)	(196,250)
Net income	$ 402,809	$ 398,754	$ 760,462	$ 768,663

</TABLE>

The Partnership recognized income of $306,636, and $310,120, during the six months ended June 30, 2004 and 2003, respectively, $162,347 and $160,310 of which were earned during the second quarters of 2004 and 2003, respectively, from these joint ventures and the properties held as tenants-in-common with affiliates.

4. Discontinued Operations

In July 2002, the Partnership entered into an agreement to sell its vacant property in Wildwood, Florida. The contract was subsequently terminated and during the quarter ended March 31, 2004, the Partnership received $7,500 as consideration for terminating the contract. During 2003, the Partnership entered into a new contract to sell this property. In February 2004, the Partnership sold the property to a third party and received net sales proceeds of approximately $526,400, resulting in a gain on disposal of discontinued operations of approximately $12,100. The Partnership had recorded provisions for write-down of assets in previous years relating to this property. In March 2004, the Partnership entered into an agreement to sell its property in Greenville, Tennessee. The Partnership sold this property in May 2004 for approximately $712,100 resulting in a gain on disposal of discontinued operations of approximately $229,400.

4. Discontinued Operations - Continued

The following presents the operating results of the discontinued operations for these two properties, along with the property in Grand Prairie, Texas that was sold in February 2003.

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	Quarter Ended June 30, 2004	Quarter Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Rental revenues	$ 6,770	$ 13,070	$ 20,944	$ 26,244
Other income	--	--	7,500	--
Expenses	(243)	(10,134)	(3,916)	(21,514)
Income from discontinued operations	$ 6,527	$ 2,936	$ 24,528	$ 4,730

</TABLE>

5. Mortgage Notes Receivable

In January 2004, the Partnership received a balloon payment of approximately $176,500 relating to the mortgage note receivable for the property in Alliance, Ohio. This amount represented the total outstanding principal and interest balances.

6. Concentration of Credit Risk

The following schedule presents total rental revenues from individual lessees, each representing more than 10% of the Partnership's total rental revenues and mortgage interest income (including total rental revenues from the consolidated joint venture and the Partnership's share of total rental revenues from unconsolidated joint ventures and properties held as tenants-in-common with affiliates of the general partners) for each of the periods ended June 30:

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	2004	2003
Carrols Corporation and Texas Taco Cabana, LP (under common control of Carrols Corporation)	$ 314,799	$ 340,805
Golden Corral Corporation	252,675	250,839
Burger King Corporation and BK Acquisition, Inc. (under common control of Burger King Corporation)	218,416	220,681

</TABLE>

In addition, the following schedule presents total rental revenues from individual restaurant chains, each representing more than 10% of the Partnership's total rental revenues and mortgage interest income (including total rental revenues from the consolidated joint venture and the Partnership's share of total rental revenues from unconsolidated joint ventures and properties held as tenants-in-common with affiliates of the general partners) for each of the periods ended June 30:

6. Concentration of Credit Risk - Continued

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2004	2003

Burger King	$	486,581	$	515,768
Golden Corral Buffet and Grill		252,675		250,839
Taco Cabana		148,314		N/A

</TABLE>

Although the properties are geographically diverse throughout the United States and the lessees operate a variety of restaurant concepts, default by any one of these lessees or restaurant chains will significantly impact the results of operations if the Partnership is not able to re-lease the properties in a timely manner.

The information denoted by N/A indicates that for the period presented, the chain did not represent more than ten percent of the Partnership's total rental revenues.

7. Subsequent Event

On August 9, 2004, the Partnership entered into a definitive Agreement and Plan of Merger pursuant to which the Partnership will be merged with a subsidiary of U.S. Restaurant Properties, Inc. (NYSE: USV). The merger is one of multiple concurrent transactions pursuant to which 17 other affiliated limited partnerships also will be merged with a subsidiary of U.S. Restaurant Properties, Inc. and in which CNL Restaurant Properties, Inc., an affiliate, also will be merged with U.S. Restaurant Properties, Inc. CNL Restaurant Properties, Inc. currently provides property management and other services to the Partnership. The merger of the Partnership (and each of the 17 other affiliated mergers) is subject to certain conditions including approval by a majority of the limited partners, consummation of a minimum number of limited partnership mergers representing at least 75.0% in value (as measured by the value of the merger consideration) of all limited partnerships, consummation of the merger between U. S. Restaurant Properties, Inc. and CNL Restaurant Properties, Inc., approval of the shareholders of U.S. Restaurant Properties, Inc., and availability of financing. The transaction is expected to be consummated in the first quarter of 2005.

Under the terms of the transaction, the limited partners will receive total consideration of approximately $27.72 million, consisting of approximately $23.18 million in cash and approximately $4.54 million in U.S. Restaurant Properties, Inc. Series A Convertible Preferred Stock that is listed on the New York Stock Exchange. The general partners will receive total consideration of approximately $187,000 consisting of approximately $156,000 in cash and approximately $31,000 in preferred stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CNL Income Fund IX, Ltd. (the "Partnership," which may be referred to as "we," "us," or "our") is a Florida limited partnership that was organized on April 16, 1990, to acquire for cash, either directly or through joint venture arrangements, both newly constructed and existing restaurants, as well as land upon which restaurants were to be constructed (the "Properties"), which are leased primarily to operators of national and regional fast-food and family-style restaurant chains. The leases generally are triple-net leases, with the lessees responsible for all repairs and maintenance, property taxes, insurance and utilities. As of June 30, 2003, we owned 20 Properties directly and 16 Properties indirectly through joint venture or tenancy in common arrangements. As of June 30, 2004, we owned 18 Properties directly and 16 Properties indirectly through joint venture or tenancy in common arrangements.

Capital Resources

Net cash provided by operating activities was $1,208,918 and $1,258,217 for the six months ended June 30, 2004 and 2003, respectively. Other sources and uses of cash included the following during the six months ended June 30, 2004.

As of December 31, 2003, we had accepted two promissory notes in connection with the 2000 sale of two Properties. In January 2004, we received a balloon payment of approximately $176,500 relating to the mortgage note receivable for the Property in Alliance, Ohio. This amount represented the total outstanding principal and interest balances.

In February and May 2004, we sold the Properties in Wildwood, Florida and Greenville, Tennessee, respectively, each to a third party and received total net sales proceeds of approximately $1,238,500, resulting in a total gain on disposal of discontinued operations of approximately $241,500. We had recorded provisions for write-down of assets in previous years relating to the Property in Wildwood, Florida. We intend to reinvest these proceeds in additional Properties or to pay liabilities as needed.

At June 30, 2004, we had $2,536,882 in cash and cash equivalents, as compared to $1,503,707 at December 31, 2003. At June 30, 2004, these funds were held in demand deposit accounts at a commercial bank. The increase in cash and cash equivalents at June 30, 2004 was primarily a result of holding sales proceeds and the balloon payment relating to the mortgage note receivable that was prepaid in January. The funds remaining at June 30, 2004, after the payment of distributions and other liabilities, will be used to invest in additional Properties and to meet our working capital needs.

Short-Term Liquidity

Our investment strategy of acquiring Properties for cash and leasing them under triple-net leases to operators who generally meet specified financial standards minimizes our operating expenses. The general partners believe that the leases will generate net cash flow in excess of operating expenses.

Our short-term liquidity requirements consist primarily of our operating expenses.

The general partners have the right, but not the obligation, to make additional capital contributions if they deem it appropriate in connection with our operations.

We generally distribute cash from operations remaining after the payment of operating expenses, to the extent that the general partners determine that such funds are available for distribution. Based on current and anticipated future cash from operations, and for the six months ended June 30, 2004, a portion of the remaining sales proceeds, we declared distributions to limited partners of $1,575,002 for each of the six months ended June 30, 2004 and 2003 ($787,501 for each of the quarters ended June 30, 2004 and 2003). This represents distributions of $0.45 per unit for each of the six months ended June 30, 2004 and 2003 ($0.23 for each applicable quarter). No distributions were

made to the general partners for the quarters and six months ended June 30, 2004 and 2003. No amounts distributed to the limited partners for the six months ended June 30, 2004 and 2003 are required to be or have been treated as a return of capital for purposes of calculating the limited partners' return on their adjusted capital contributions. We intend to continue to make distributions of cash to the limited partners on a quarterly basis.

Total liabilities, including distributions payable, were $930,558 at June 30, 2004, as compared to $898,662 at December 31, 2003. The increase in total liabilities was partially due to an increase in amounts due to related parties and an increase in accounts payable and accrued expenses. The general partners believe that we have sufficient cash on hand to meet our current working capital needs.

Long-Term Liquidity

We have no long-term debt or other long-term liquidity requirements.

Results of Operations

Rental revenues from continuing operations were $934,736 during the six months ended June 30, 2004, as compared to $941,292 during the same period of 2003, $465,824 and $470,409 of which were earned during the second quarters of 2004 and 2003, respectively. Rental revenues from continuing operations remained relatively constant because all of the changes in the Property portfolio related to the Properties accounted for as discontinued operations.

During the quarters and six months ended June 30, 2004 and 2003, we did not record rental revenues relating to the Property in North Baltimore, Ohio. In August 2002, the tenant of this Property terminated the lease, as permitted in the lease agreement, when a partial right of way taking reduced road access to the restaurant. The general partners are currently seeking a replacement tenant for this Property. The lost revenues resulting from the vacant Property will continue to have an adverse effect on our results of operations until we are able to re-lease it.

In December 2003, Waving Leaves, Inc., the tenant of the Property in Wooster, Ohio filed for Chapter 11 bankruptcy protection and rejected the one lease it had with us. In June 2004, the lease was assigned to and assumed by Hardee's Food System, Inc., the guarantor. As of August 9, 2004, we have received from the guarantor all rental payments relating to this lease.

We earned $1,507 in contingent rental income during the six months ended June 30, 2004, as compared to $22,953 during the same period of 2003. The decrease in contingent rental income during 2004 was due to a decrease in reported gross sales of the restaurants with leases that require the payment of contingent rental income. We earned $16,137 in interest and other income during the six months ended June 30, 2004, as compared to $21,148 during the same period of 2003, $9,493 and $10,773 of which were earned during the second quarters of 2004 and 2003, respectively.

We earned $306,636 attributable to net income earned by unconsolidated joint ventures during the six months ended June 30, 2004, as compared to $310,120 during the same period of 2003, $162,347 and $160,310 of which were earned during the second quarters of 2004 and 2003, respectively. These amounts remained relatively constant because the Property portfolio owned by the joint ventures and the tenancies in common did not change. During 2003, CNL Restaurant Investments II, in which the Partnership owns a 45.2% interest, entered into negotiations with a third party to sell the Property in San Antonio, Texas. In 2004, the contract was terminated, and as a result, the joint venture reclassified the assets from real estate held for sale to real estate properties with operating leases.

During the six months ended June 30, 2004, three of our lessees (or group of affiliated lessees), (i) Carrols Corporation and Texas Taco Cabana, LP (which are affiliated entities under common control) (hereinafter referred to as Carrols Corp.), (ii) Burger King Corporation and BK Acquisition, Inc. (which are affiliated entities under common control) (hereinafter referred to as Burger King Corp.) and (iii) Golden Corral Corporation, each contributed more than ten percent of total rental revenues and mortgage interest income (including total rental revenues from the consolidated joint venture and our share of total rental revenues from unconsolidated joint ventures and Properties held as tenants-in-common with affiliates of the general partners). We anticipate that, based on the minimum rental payments required by the leases, each of these lessees will continue to contribute more than ten percent of the total rental

revenues in 2004. In addition, three restaurant chains, Burger King, Golden Corral Buffet and Grill, and Taco Cabana, each accounted for more than ten percent of total rental revenues and mortgage interest during the six months ended June 30, 2004 (including total rental revenues from the consolidated joint venture and our share of total rental revenues from unconsolidated joint ventures and Properties held as tenants-in-common with affiliates of the general partners). We anticipate that these three restaurant chains will each continue to account for more than ten percent of the total rental revenues in 2004. Any failure of these lessees or restaurant chains will materially affect our operating results if we are not able to re-lease the Properties in a timely manner.

Operating expenses, including depreciation and amortization expense, were $436,087 during the six months ended June 30, 2004, as compared to $377,753 during the same period of 2003, $189,752 and $155,950 of which were incurred during the second quarters of 2004 and 2003, respectively. The increase in operating expenses was partially caused by an increase in property related expenses, such as legal fees, repairs and maintenance, insurance and real estate taxes relating to the Property in North Baltimore, Ohio. The tenant of this Property terminated the lease in 2002, as described above. We will continue to incur these expenses relating to this Property until we are able to re-lease the Property. The increase in operating expenses was also partially due to us incurring additional general operating and administrative expenses, including legal fees. The increase was partially offset by a decrease in the amount of state tax expense relating to several states in which we conduct business.

We recognized income from discontinued operations (rental revenues less property related expenses) of $2,936 and $4,730 during the quarter and six months ended June 30, 2003, respectively, relating to the Properties in Grand Prairie, Texas, Wildwood, Florida, and Greenville, Tennessee. We sold the Grand Prairie, Texas Property in February 2003 and recorded a gain on disposal of discontinued operations of approximately $300. We recognized income from discontinued operations of $6,527 and $24,528 during the quarter and six months ended June 30, 2004, respectively, relating to the Properties in Wildwood, Florida and Greenville, Tennessee. Income from discontinued operations included $7,500 that we received and recognized as income during the first quarter of 2004, as consideration for terminating a 2002 contract to sell the Property in Wildwood, Florida. In 2003, we entered into a new contract to sell this Property and in February 2004 sold the Property and recorded a gain on disposal of discontinued operations of approximately $12,100. In May 2004, we sold the Property in Greenville, Tennessee and recorded a gain on disposal of discontinued operations of approximately $229,400. We had recorded provisions for write-down of assets in previous years relating to the Properties in Grand Prairie, Texas and Wildwood, Florida.

In December 2003, the Financial Accounting Standards Board issued a revision to FASB Interpretation No. 46 (originally issued in January 2003) ("FIN 46R"), "Consolidation of Variable Interest Entities" requiring existing unconsolidated variable interest entities to be consolidated by their primary beneficiaries. The primary beneficiary of a variable interest entity is the party that absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests, which are the ownership, contractual, or other pecuniary interests in an entity that change with changes in the fair value of the entity's net assets excluding variable interests. Prior to FIN 46R, a company generally included another entity in its financial statements only if it controlled the entity through voting interests. Application of FIN 46R is required in financial statements of public entities that have interests in variable interest entities for periods ending after March 15, 2004. We adopted FIN 46R during the quarter ended March 31, 2004, which resulted in the consolidation of a previously unconsolidated joint venture, Katy Joint Venture, which was accounted for under the equity method. FIN 46R does not require, but does permit restatement of previously issued financial statements. We restated prior year's financial statements to maintain comparability between the periods presented. Such consolidation resulted in certain assets and minority interest, and revenues and expenses, of the entity being reported on a gross basis in our financial statements; however, these restatements had no effect on partners' capital or net income.

The general partners believe their primary objective is to maintain current operations with restaurant operators as successfully as possible, while evaluating strategic alternatives, including alternatives that may provide liquidity to the limited partners. Real estate markets are strong throughout much of the nation, and the performance of restaurants has generally improved after several challenging years. As a result, the general partners believe that this is an attractive period for a strategic event to monetize the interests of the limited partners.

In furtherance of this, on August 9, 2004, we entered into a definitive Agreement and Plan of Merger pursuant to which we will be merged with a subsidiary of U.S. Restaurant Properties, Inc. (NYSE: USV). The merger is one of multiple concurrent transactions pursuant to which 17 other affiliated limited

partnerships also will be merged with a subsidiary of U.S. Restaurant Properties, Inc. and in which CNL Restaurant Properties, Inc., an affiliate, also will be merged with U.S. Restaurant Properties, Inc. Our merger (and each of the 17 other affiliated mergers) is subject to certain conditions including approval by a majority of the limited partners, consummation of a minimum number of limited partnership mergers representing at least 75.0% in value (as measured by the value of the merger consideration) of all limited partnerships, consummation of the merger between U. S. Restaurant Properties, Inc. and CNL Restaurant Properties, Inc., approval of the shareholders of U.S. Restaurant Properties, Inc., and availability of financing. U.S. Restaurant Properties, Inc. is a real estate investment trust (REIT) that focuses primarily on acquiring, owning and leasing restaurant properties. The transaction is expected to be consummated in the first quarter of 2005.

Under the terms of the transaction, our limited partners will receive total consideration of approximately $27.72 million, consisting of approximately $23.18 million in cash and approximately $4.54 million in U.S. Restaurant

Properties, Inc. Series A Convertible Preferred Stock that is listed on the New York Stock Exchange. The general partners will receive total consideration of approximately $187,000 consisting of approximately $156,000 in cash and approximately $31,000 in preferred stock.

We received an opinion from Wachovia Capital Markets, LLC that as of August 9, 2004 the merger consideration to be received by the holders of our general and limited partnership interests is fair, from a financial point of view, to such holders.

As reflected above, the contemplated transactions are complex, and contingent upon certain conditions. The restaurant marketplace, the real estate industry, and the equities markets, all individually or taken as a whole, could impact the economics of this transaction. As a result, there is no assurance that we will be successful in completing the contemplated transaction.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

In January 2004, we received a balloon payment of approximately $175,800 relating to the fixed rate mortgage note receivable from the 2000 sale of the Property in Alliance, Ohio. This amount represented the total outstanding principal balance. No other changes in our market risk occurred from December 31, 2003 through June 30, 2004. Information regarding our market risk at December 31, 2003 is included in our Annual Report on Form 10-K for the year ended December 31, 2003.

ITEM 4. CONTROLS AND PROCEDURES

The general partners maintain a set of disclosure controls and procedures designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The principal executive and financial officers of the corporate general partner have evaluated our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q and have determined that such disclosure controls and procedures are effective.

There was no change in internal control over financial reporting that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings. Inapplicable.

Item 2. Changes in Securities. Inapplicable.

Item 3. Default upon Senior Securities. Inapplicable.

Item 4. Submission of Matters to a Vote of Security Holders. Inapplicable.

Item 5. Other Information. Inapplicable.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

3.1 Affidavit and Certificate of Limited Partnership of CNL Income Fund IX, Ltd. (Included as Exhibit 3.1 to Registration Statement No. 33-35049 on Form S-11 and incorporated herein by reference.)

4.1 Affidavit and Certificate of Limited Partnership of CNL Income Fund IX, Ltd. (Included as Exhibit 3.1 to Registration Statement No. 33-35049 on Form S-11 and incorporated herein by reference.)

4.2 Amended and Restated Agreement of Limited Partnership of CNL Income Fund IX, Ltd. (Included as Exhibit 4.6 to Post-Effective Amendment No. 1 to Registration Statement No. 33-35049 on Form S-11 and incorporated herein by reference.)

10.1 Management Agreement between CNL Income Fund IX, Ltd. and CNL Investment Company. (Included as Exhibit 10.1 to Form 10-K filed with the Securities and Exchange Commission on March 17, 1998, and incorporated herein by reference.)

10.2 Assignment of Management Agreement from CNL Investment Company to CNL Income Fund Advisors, Inc. (Included as Exhibit 10.2 to Form 10-K filed with the Securities and Exchange Commission on March 30, 1995, and incorporated herein by reference.)

10.3 Assignment of Management Agreement from CNL Income Fund Advisors, Inc. to CNL Fund Advisors, Inc. (Included as Exhibit 10.3 to Form 10-K filed with the Securities and Exchange Commission on April 1, 1996, and incorporated herein by reference.)

10.4 Assignment of Management Agreement from CNL Fund Advisors, Inc. to CNL APF Partners, LP. (Included as Exhibit 10.4 to Form 10-Q filed with the Securities Exchange Commission on August 9, 2001, and incorporated herein by reference.)

10.5 Assignment of Management Agreement from CNL APF Partners, LP to CNL Restaurants XVIII, Inc. (Included as Exhibit 10.5 to Form 10-Q filed with the Securities and Exchange Commission on August 14, 2002, and incorporated herein by reference.)

31.1 Certification of Chief Executive Officer of Corporate General Partner Pursuant to Rule 13a-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)

31.2 Certification of Chief Financial Officer of Corporate General Partner Pursuant to Rule 13a-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)

32.1 Certification of Chief Executive Officer of Corporate General Partner Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)

32.2 Certification of Chief Financial Officer of Corporate General Partner Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (Filed herewith.)

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended June 30, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATED this 9th day of August 2004.

CNL INCOME FUND IX, LTD.

By: CNL REALTY CORPORATION
General Partner

By: /s/ James M. Seneff, Jr.

JAMES M. SENEFF, JR.
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Robert A. Bourne

ROBERT A. BOURNE
President and Treasurer
(Principal Financial and
Accounting Officer)

EXHIBIT INDEX

Exhibit Number

(c) Exhibits

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EXHIBIT 31.1

EXHIBIT 31.2

EXHIBIT 32.1

EXHIBIT 32.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
OF CORPORATE GENERAL PARTNER

PURSUANT TO RULE 13a-14 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James M. Seneff, Jr., the Chief Executive Officer of CNL Realty Corporation, the corporate general partner of CNL Income Fund IX, Ltd. (the "registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2004

/s/James M. Seneff, Jr.

James M. Seneff, Jr.
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
OF CORPORATE GENERAL PARTNER

PURSUANT TO RULE 13a-14 AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert A. Bourne, the President and Treasurer of CNL Realty Corporation, the corporate general partner of CNL Income Fund IX, Ltd. (the "registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2004

/s/ Robert A. Bourne

Robert A. Bourne
President and Treasurer

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
OF CORPORATE GENERAL PARTNER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, James M. Seneff, Jr., the Chief Executive Officer of CNL Realty Corporation, the corporate general partner of CNL Income Fund IX, Ltd. (the "Partnership"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Partnership's Quarterly Report on Form 10-Q for the period ending June 30, 2004 (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 9, 2004

/s/ James M. Seneff, Jr.

Name: James M. Seneff, Jr.
Title: Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to CNL Income Fund IX, Ltd. and will be retained by CNL Income Fund IX, Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION OF CHIEF FINANCIAL OFFICER
OF CORPORATE GENERAL PARTNER

PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Robert A. Bourne, the President and Treasurer of CNL Realty Corporation, the corporate general partner of CNL Income Fund IX, Ltd. (the "Partnership"), has executed this certification in connection with the filing with the Securities and Exchange Commission of the Partnership's Quarterly Report on Form 10-Q for the period ending June 30, 2004 (the "Report"). The undersigned hereby certifies that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Date: August 9, 2004

/s/ Robert A. Bourne

Name: Robert A. Bourne
Title: President and Treasurer

A signed original of this written statement required by Section 906 has been provided to CNL Income Fund IX, Ltd. and will be retained by CNL Income Fund IX, Ltd. and furnished to the Securities and Exchange Commission or its staff upon request.